

issued by RBI on 28.02.2005, it is proposed to go beyond the existing World Trade Organisation (WTO) commitment of 12 branches in a year for new and existing foreign banks and to follow a more liberal policy for allowing branches of foreign banks in under-banked areas.

Action against defaulter NBFCs

†1419. SHRI MAHENDRA SAHNI: Will the Minister of FINANCE be pleased to state:

- (a) whether it is a fact that no action has been taken against the Non-Banking Financial Companies in the country despite misappropriation of crores of rupees of the investors by them;
- (b) if so, the details thereof; and
- (c) the details of action taken against the identified Non-Banking Financial Companies?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) and (b) It has been reported by Reserve Bank of India (RBI) that no such complaints have been received in this regard. However, RBI has received complaints against several Non-Banking Financial Companies (NBFCs) which have defaulted in maturity payments to the depositors.

(c) RBI has been taking action against NBFCs which have not complied with the provisions of RBI Act and the directions thereunder or have shown weaknesses in the financial position. Such action includes prohibiting the companies from carrying on non-banking financial activity, acceptance of deposits and alienation of assets. Wherever the default is persistent in nature, RBI initiates winding up proceedings and also files criminal complaint against the directors of the NBFC. So far, RBI has filed winding up petition against 84 NBFCs and criminal complaints in 70 cases and 27 complaints under Section 420 of IPC for cheating members of public.

†Original notice of the question was received in Hindi.